



Health and Welfare
Canada

Santé et Bien-être social
Canada

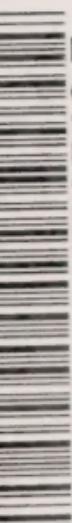
INTERNATIONAL SOCIAL SECURITY AGREEMENTS

General Information

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INCOME
SECURITY PROGRAMS

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This booklet provides a general description of Canada's reciprocal social security agreements. It contains information on the purpose of these agreements, the Canadian social security programs covered by them, as well as the effects of agreements on the social security schemes of another country.

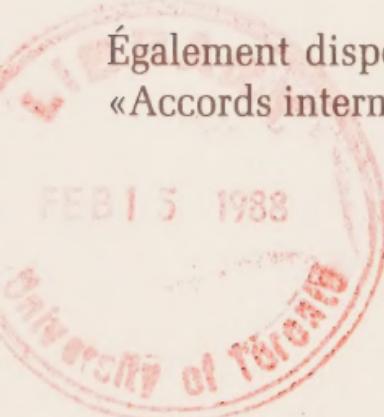
Although all social security agreements are based on the same fundamental principles, the provisions of each agreement are the result of negotiations held with each country.

If you need any further information or assistance after reading this booklet, please contact the Income Security Programs Client Service Centre nearest you or the appropriate source indicated on page 8. The telephone number and address of the Client Service Centre can be found in the federal government listing in the telephone directory under "Health and Welfare Canada".

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Introduction

If you

- have contributed to the social security system of a country with which Canada has concluded a reciprocal social security agreement, or
- have resided in a country with which Canada has concluded such an agreement,

and if you

- do not otherwise qualify for an old age, retirement, disability or survivor's pension from the other country or from Canada,

an agreement might enable you to receive

- a social security benefit from the other country,
- a Canadian Old Age Security pension or Spouse's Allowance,
- a Canada Pension Plan disability or survivor's benefit.

If you

- are working in Canada and contributing to the Canada Pension Plan, and
- are sent by your employer to work abroad on a temporary basis,

a reciprocal social security agreement might enable you to

- continue contributing to the Canada Pension Plan for your work abroad and have the periods abroad considered as residence in Canada for purposes of the Old Age Security program, and
- be exempt from contributions to the other country's social security system.

This booklet gives a general description of Canada's reciprocal social security agreements. **It should be noted that the provisions of specific agreements may vary from the descriptions given here.** Reciprocal agreements are, after all, the result of negotiations between two countries; they must reflect the legislative and operational needs of both.

Special booklets describing each of Canada's social security agreements and booklets describing the Old Age Security program and Canada Pension Plan are available from any Client Service Centre of Income Security Programs. The telephone number and address of the nearest centre can be found in the federal government listing of your telephone directory under "Health and Welfare Canada".

The Objectives of Agreements

Since the end of World War II close to 5.5 million persons have immigrated to Canada. Many immigrants have contributed to social security programs in their countries of origin. However, because of eligibility conditions and nationality restrictions in the legislation of those countries, they may not be able to receive benefits in Canada. As well, persons who are newly arrived in Canada may not be able to fulfil the conditions for entitlement to benefits under Canada's social security legislation because they have not lived or worked in Canada long enough.

To solve these types of problems and to provide better protection to persons who migrate between Canada and other countries, Canada has been concluding reciprocal social security agreements. These agreements coordinate the operation of the Old Age Security program and the Canada Pension Plan with the comparable programs of another country in order to accomplish four basic objectives:

- to remove restrictions, based on nationality, which may otherwise prevent Canadians from receiving benefits under the legislation of the other country;
- to ease or eliminate restrictions on the payment of social security benefits abroad;
- to eliminate situations in which a worker may have to contribute to the social security programs of both countries for the same work;

- to assist migrants in qualifying for benefits based on the periods they have lived or worked in each country.

The Countries with Which Canada Concludes Agreements

In principle, Canada is interested in concluding social security agreements with all countries which have been the source of significant numbers of immigrants. In order to conclude an agreement, however, two conditions must be fulfilled: first, the other country must have a public pension system which can be coordinated with Canada's Old Age Security program and the Canada Pension Plan; and, second, the other country must be prepared to grant reciprocity on such matters as the payment of benefits to persons living in Canada.

Effect of an Agreement on Canadian Programs

Old Age Security

Under the Old Age Security Act, ten years of residence in Canada after reaching age 18 are required before any Old Age Security (OAS) pension or Spouse's Allowance can be paid in Canada; twenty years of residence are required before any Old Age Security pension can be paid abroad. Through an agreement, an individual who has some periods of residence in Canada, but not of sufficient length to be entitled to a benefit, may use periods in the other country in order to meet the eligibility requirements of the Act.

Once eligibility is established, the amount payable is equal to $\frac{1}{40}$ th of a full Old Age Security pension for each year of actual residence* in Canada after reaching age 18.

Canada Pension Plan

Under the Canada Pension Plan (CPP), contributions must have been made for a certain number of years (between 2 and 10, depending on the type of benefit and age of the contributor) before a disability, survivor's or death benefit may be paid. Through an agreement, periods of contributions to the other country's social security system may be used to meet the eligibility requirements of the Canada Pension Plan.

Once eligibility is established, the amount payable is based on actual pensionable earnings under the Canada Pension Plan and the number of years of actual contributions to the Plan.

Effect of an Agreement on the Programs of Another Country

Removing nationality restrictions

In many countries, nationality is an important criterion in determining eligibility for social security benefits. A citizen of a country, for example, may be entitled to a benefit under that country's legislation according to conditions that apply only to its own nationals. Persons who are not citizens of the country, however, may be required to meet more stringent conditions before they are entitled to receive a pension, and the payment of benefits to non-citizens

*Under some agreements, benefits may be based only on periods of residence after specific dates.

living abroad may be severely restricted or even prohibited altogether. Through a social security agreement, Canadians become entitled to receive those benefits on the same conditions as the citizens of the other country. Most important, Canadians living in Canada may start to receive benefits from the other country.

Access to benefits

Most social security programs require contributions during a minimum number of years before entitlement to a benefit can be established. There may also be requirements for contributions in the period just before application for a benefit. Immigrants who have contributed to the system of another country may not have sufficient periods of contributions to meet such requirements. Under an agreement, periods of residence in Canada and/or periods of contributions to the Canada Pension Plan may be used to satisfy the eligibility conditions of the other country's social security system.

Calculating and paying benefits

Once entitlement to a benefit from another country has been established by that country's social security authorities, they will calculate the amount of benefit they will pay according to their own legislation – usually on the basis of pensionable earnings* while in that country and the length of time during which social security contributions were made there.

The social security authorities of the other country will always pay their own benefits to persons living in Canada, either directly or through a financial institution such as a bank.

*Some countries have benefits based solely on residence, without regard to whether or not an individual was employed. This is the case, for example, in Denmark, Finland, Iceland, the Netherlands, Norway and Sweden.

Determining the Applicable Legislation

All persons who are subject to the Canada Pension Plan must pay contributions based on their earnings from employment and self-employment. The Department of National Revenue is responsible for the administration of the coverage provisions of the Canada Pension Plan. This responsibility includes the determination of what constitutes "pensionable employment" and the collection of contributions from employers, employees and the self-employed.

Eliminating "dual coverage"

In some instances, a person might be required to contribute to the social security program of another country and to the Canada Pension Plan for the same work. Agreements eliminate such situations of "dual coverage". They ensure that an employee is normally subject only to the legislation of the country in which he or she works and is, therefore, exempt from contributions under the legislation of the other country in respect of the same work.

Temporary postings abroad

An exception to the general rule applies in the case of a "detached worker" (e.g., an employee who normally works in Canada and is covered under the Canada Pension Plan in respect of that work, and who is sent by his or her employer to work in the other country on a temporary basis). Under a reciprocal social security agreement, such a worker is able to continue his or her coverage under the Canada Pension Plan for a determined period of time and, while that coverage remains in effect, is exempt from social security contributions to the other country in respect of the same work.

Government employment

Another exception to the general rule applies to persons in government employment for one of the countries who perform their duties in the other country. They would normally be subject to the social security laws of the latter country only if they are citizens or permanent residents of that country.

Residence for purposes of the Old Age Security program

In addition to the coverage provisions just described, Canada's social security agreements contain another provision which ensures that a person who is covered under the Canada (or Quebec) Pension Plan, by virtue of an agreement, while residing in the other country, will also be covered by the Old Age Security Act which is usually based only on residence in Canada. Thus, during that period, complete coverage is afforded under Canadian legislation. Conversely, Canada's agreements eliminate situations where a person who is residing in Canada and, by virtue of an agreement, is covered under the social security system of the other country by reason of employment also enjoys coverage under the Old Age Security Act by reason of residence in Canada.

Provincial Understandings

Many aspects of social security fall under the constitutional jurisdiction of the provinces in Canada. These include workers' compensation plans and health care programs. As well, Quebec has legislated the Quebec Pension Plan which operates in that province in place of the Canada Pension Plan.

In order to facilitate the coordination of provincial social security programs with the comparable programs of another country,

Canada's social security agreements all contain a provision which permits the conclusion of understandings between the other country and the government of a province in respect of any program under provincial jurisdiction. The decision to enter into understandings rests entirely with the other country and provincial governments.

For More Information

On benefits from another country

If you think you might be eligible for benefits from a country with which Canada has concluded a social security agreement, please contact the nearest Client Service Centre of Income Security Programs. The telephone number and address can be found in the federal government listing in your telephone directory under "Health and Welfare Canada". Alternately, you can write to:

Director
International Operations
Income Security Programs Branch
Health and Welfare Canada
Ottawa, Ontario K1A 0L4

On the applicable legislation

If you have any questions about your obligation to contribute to the Canada Pension Plan as a result of a social security agreement, or if you are being sent to work abroad by your employer and want to find out if you are entitled to continued coverage under the Canada Pension Plan, you should write to:

Source Deductions Division
Revenue Canada, Taxation
Ottawa, Ontario K1A 0L8

